



September 5, 2013

Ex Parte Letter

Ms. Marlene H. Dortch, Secretary
Federal Communications Commission
445 12th Street, S. W.
Washington, D. C. 20554

***Connect America Fund, WC Docket No. 10-90;
High-Cost Universal Service Support, WC Docket No. 05-337***

Dear Ms. Dortch:

On July 26, 2013 the Federal Communication Commission's Wireline Competition Bureau ("the Bureau") released Order DA13-1656, In the Matter of Connect America Fund High Cost Universal Service Support ("*HCLS Benchmarking Freeze Order*"). Among other things, the *HCLS Benchmarking Freeze Order* retained the use of 2012 quantile regression analysis coefficients and the summing of capital and operating expense caps for use in determining 2014 High Cost Loop Support.

The complexity of the High Cost Loop quantile regression analysis ("QRA") makes it difficult for stakeholders to understand the functioning of the model and the impact of the Bureau's decisions. The attached *White Paper: Consequences of Freezing Quantile Regression Analysis Coefficients* provides a quantitative analysis and explanation of the consequences of using the 2012 QRA coefficients for determination of 2014 High Cost Loop Support. We have not included the supporting analytical models with this filing due to the volume of the data involved (several hundred pages) but rather have made a values-only version of the spreadsheets available for public download at www.alexicon.net/qrafreeze. We have also e-mailed a courtesy copy directly to Julie A. Veach, Chief, Wireline Competition Bureau.

It is hoped that the resulting work permits all stakeholders to gain visibility into the QRA in a manner better than what was previously available. Alexicon has also provided several recommendations that we hope will garner serious consideration.

Sincerely,

Vincent H. Wiemer, CPA
Principal

Enclosure